



QUARTERLY STATEMENT

As of March 31, 2009  
of the Condition and Affairs of the

HEALTHMARKETS INSURANCE COMPANY

NAIC Group Code.....264, 264 (Current Period) (Prior Period)	NAIC Company Code..... 92908	Employer's ID Number..... 23-2850522
Organized under the Laws of OKLAHOMA	State of Domicile or Port of Entry OKLAHOMA	Country of Domicile US
Incorporated/Organized..... June 11, 1981	Commenced Business..... August 17, 1981	
Statutory Home Office	120 NORTH ROBINSON, 735 FIRST NATIONAL BUILDING..... OKLAHOMA CITY ..... OK ..... 73102 (Street and Number) (City or Town, State and Zip Code)	
Main Administrative Office	9151 BOULEVARD 26..... NORTH RICHLAND HILLS ..... TX ..... 76180 (Street and Number) (City or Town, State and Zip Code)	817-255-3100 (Area Code) (Telephone Number)
Mail Address	9151 BOULEVARD 26..... NORTH RICHLAND HILLS ..... TX ..... 76180 (Street and Number or P. O. Box) (City or Town, State and Zip Code)	
Primary Location of Books and Records	9151 BOULEVARD 26..... NORTH RICHLAND HILLS ..... TX ..... 76180 (Street and Number) (City or Town, State and Zip Code)	817-255-3100 (Area Code) (Telephone Number)
Internet Web Site Address	HEALTHMARKETS.COM	
Statutory Statement Contact	MARIA C. PALACIOS (Name) connie.palacios@healthmarkets.com (E-Mail Address)	817-255-3100-5473 (Area Code) (Telephone Number) (Extension) 817-255-5390 (Fax Number)

OFFICERS

Name	Title	Name	Title
1. PHILLIP JOHN HILDEBRAND	PRESIDENT & CHIEF EXECUTIVE OFFICER	2. PEGGY GIBBONS SIMPSON	SECRETARY
3. MARIA CONSUELO PALACIOS	VICE PRESIDENT & DEPUTY CONTROLLER	4. STEVEN PHILIP ERWIN	EXECUTIVE VICE PRESIDENT & CFO

OTHER

SUSAN ELIZABETH DEW	Senior Vice President	DERRICK ANTHONY DUKE #	Senior Vice President & Treasurer
BRODIE CURTIS WESTEN #	Executive Vice President		

DIRECTORS OR TRUSTEES

DERRICK ANTHONY DUKE	STEVEN PHILIP ERWIN	PHILLIP JOHN HILDEBRAND	BRODIE CURTIS WESTEN #
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State of..... TEXAS  
County of..... TARRANT ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions there from for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) PHILLIP JOHN HILDEBRAND 1. (Printed Name) PRESIDENT & CHIEF EXECUTIVE OFFICER (Title)	(Signature) PEGGY GIBBONS SIMPSON 2. (Printed Name) SECRETARY (Title)	(Signature) MARIA CONSUELO PALACIOS 3. (Printed Name) VICE PRESIDENT & DEPUTY CONTROLLER (Title)
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Subscribed and sworn to before me	a. Is this an original filing?	Yes [X] No [ ]
This 4th day of MAY, 2009	b. If no:	
	1. State the amendment number	
	2. Date filed	
	3. Number of pages attached	

HEALTHMARKETS INSURANCE COMPANY  
ASSETS

	Current Statement Date			4
	1	2	3	
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	December 31 Prior Year Net Admitted Assets
1. Bonds.....	6,521,968		6,521,968	6,637,998
2. Stocks:				
2.1 Preferred stocks.....			.0	
2.2 Common stocks.....			.0	
3. Mortgage loans on real estate:				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			.0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$....247,917), cash equivalents (\$.....0) and short-term investments (\$....2,141,382).....	2,389,299		2,389,299	2,339,876
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Other invested assets.....			.0	
8. Receivables for securities.....			.0	
9. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	8,911,267	.0	8,911,267	8,977,874
11. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
12. Investment income due and accrued.....	33,161		33,161	127,848
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection.....			.0	
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			.0	
13.3 Accrued retrospective premiums.....			.0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....			.0	
14.2 Funds held by or deposited with reinsured companies.....			.0	
14.3 Other amounts receivable under reinsurance contracts.....			.0	
15. Amounts receivable relating to uninsured plans.....			.0	
16.1 Current federal and foreign income tax recoverable and interest thereon.....	128,457		128,457	167,926
16.2 Net deferred tax asset.....	1,326,957	1,195,318	131,639	131,639
17. Guaranty funds receivable or on deposit.....	1,085		1,085	385
18. Electronic data processing equipment and software.....			.0	
19. Furniture and equipment, including health care delivery assets (\$.....0).....			.0	
20. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
21. Receivables from parent, subsidiaries and affiliates.....			.0	
22. Health care (\$.....0) and other amounts receivable.....			.0	
23. Aggregate write-ins for other than invested assets.....	.0	.0	.0	.0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	10,400,927	1,195,318	9,205,609	9,405,672
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
26. Total (Lines 24 and 25).....	10,400,927	1,195,318	9,205,609	9,405,672

DETAILS OF WRITE-INS				
0901. ....			.0	
0902. ....			.0	
0903. ....			.0	
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.0	.0	.0	.0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.0	.0	.0	.0
2301. ....			.0	
2302. ....			.0	
2303. ....			.0	
2398. Summary of remaining write-ins for Line 23 from overflow page.....	.0	.0	.0	.0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	.0	.0	.0	.0

HEALTHMARKETS INSURANCE COMPANY  
LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts \$.0 less \$.0 included in Line 6.3 (including \$.0 Modco Reserve)		
2. Aggregate reserve for accident and health contracts (including \$.0 Modco Reserve)		
3. Liability for deposit-type contracts (including \$.0 Modco Reserve)		
4. Contract claims:		
4.1 Life		
4.2 Accident and health		
5. Policyholders' dividends \$.0 and coupons \$.0 due and unpaid		
6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
6.1 Dividends apportioned for payment (including \$.0 Modco)		
6.2 Dividends not yet apportioned (including \$.0 Modco)		
6.3 Coupons and similar benefits (including \$.0 Modco)		
7. Amount provisionally held for deferred dividend policies not included in Line 6		
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$.0 discount; including \$.0 accident and health premiums		
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts		
9.2 Provision for experience rating refunds, including \$.0 accident and health experience rating refunds		
9.3 Other amounts payable on reinsurance, including \$.0 assumed and \$.0 ceded		
9.4 Interest Maintenance Reserve		
10. Commissions to agents due or accrued - life and annuity contracts \$.0, accident and health \$.0 and deposit-type contract funds \$.0		
11. Commissions and expense allowances payable on reinsurance assumed		
12. General expenses due or accrued	24,930	63,159
13. Transfers to Separate Accounts due or accrued (net) (including \$.0 accrued for expense allowances recognized in reserves, net of reinsured allowances)		
14. Taxes, licenses and fees due or accrued, excluding federal income taxes	56,750	50,000
15.1 Current federal and foreign income taxes, including \$.0 on realized capital gains (losses)		
15.2 Net deferred tax liability		
16. Unearned investment income		
17. Amounts withheld or retained by company as agent or trustee		
18. Amounts held for agents' account, including \$.0 agents' credit balances		
19. Remittances and items not allocated		
20. Net adjustment in assets and liabilities due to foreign exchange rates		
21. Liability for benefits for employees and agents if not included above		
22. Borrowed money \$.0 and interest thereon \$.0		
23. Dividends to stockholders declared and unpaid		
24. Miscellaneous liabilities:		
24.1 Asset valuation reserve		
24.2 Reinsurance in unauthorized companies		
24.3 Funds held under reinsurance treaties with unauthorized reinsurers		
24.4 Payable to parent, subsidiaries and affiliates	4,412	1,837
24.5 Drafts outstanding		
24.6 Liability for amounts held under uninsured plans		
24.7 Funds held under coinsurance		
24.8 Payable for securities		
24.9 Capital notes \$.0 and interest thereon \$.0		
25. Aggregate write-ins for liabilities	0	0
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25)	86,092	114,996
27. From Separate Accounts statement		
28. Total liabilities (Lines 26 and 27)	86,092	114,996
29. Common capital stock	3,000,000	3,000,000
30. Preferred capital stock		
31. Aggregate write-ins for other than special surplus funds	0	0
32. Surplus notes		
33. Gross paid in and contributed surplus	3,081,766	3,081,766
34. Aggregate write-ins for special surplus funds	0	0
35. Unassigned funds (surplus)	3,037,751	3,208,910
36. Less treasury stock, at cost:		
36.1 0.000 shares common (value included in Line 29 \$.0)		
36.2 0.000 shares preferred (value included in Line 30 \$.0)		
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$.0 in Separate Accounts Statement)	6,119,517	6,290,676
38. Totals of Lines 29, 30 and 37	9,119,517	9,290,676
39. Totals of Lines 28 and 38	9,205,609	9,405,672

DETAILS OF WRITE-INS		
2501.		
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	0	0
3101.		
3102.		
3103.		
3198. Summary of remaining write-ins for Line 31 from overflow page	0	0
3199. Totals (Lines 3101 thru 3103 plus 3198) (Line 31 above)	0	0
3401.		
3402.		
3403.		
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above)	0	0

HEALTHMARKETS INSURANCE COMPANY  
SUMMARY OF OPERATIONS  
(Excluding Unrealized Capital Gains and Losses)

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health contracts.....			
2. Considerations for supplementary contracts with life contingencies.....			
3. Net investment income.....	50,056	111,069	388,673
4. Amortization of Interest Maintenance Reserve (IMR).....			
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....			
6. Commissions and expense allowances on reinsurance ceded.....			
7. Reserve adjustments on reinsurance ceded.....			
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts.....			
8.2 Charges and fees for deposit-type contracts.....			
8.3 Aggregate write-ins for miscellaneous income.....	0	8	8
9. Totals (Lines 1 to 8.3).....	50,056	111,077	388,681
10. Death benefits.....			
11. Matured endowments (excluding guaranteed annual pure endowments).....			
12. Annuity benefits.....			
13. Disability benefits and benefits under accident and health contracts.....			
14. Coupons, guaranteed annual pure endowments and similar benefits.....			
15. Surrender benefits and withdrawals for life contracts.....			
16. Group conversions.....			
17. Interest and adjustments on contract or deposit-type contract funds.....			
18. Payments on supplementary contracts with life contingencies.....			
19. Increase in aggregate reserves for life and accident and health contracts.....			
20. Totals (Lines 10 to 19).....	0	0	0
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only).....			
22. Commissions and expense allowances on reinsurance assumed.....			
23. General insurance expenses.....	293,264	138,624	684,975
24. Insurance taxes, licenses and fees, excluding federal income taxes.....	56,408	60,244	183,974
25. Increase in loading on deferred and uncollected premiums.....			
26. Net transfers to or (from) Separate Accounts net of reinsurance.....			
27. Aggregate write-ins for deductions.....	0	0	1,559
28. Totals (Lines 20 to 27).....	349,672	198,868	870,508
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	(299,616)	(87,791)	(481,827)
30. Dividends to policyholders.....			
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	(299,616)	(87,791)	(481,827)
32. Federal and foreign income taxes incurred (excluding tax on capital gains).....	(128,457)	(30,727)	(281,926)
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32).....	(171,159)	(57,064)	(199,901)
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$.0 (excluding taxes of \$.0 transferred to the IMR).....			
35. Net income (Line 33 plus Line 34).....	(171,159)	(57,064)	(199,901)
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year.....	9,290,676	9,568,001	9,568,001
37. Net income (Line 35).....	(171,159)	(57,064)	(199,901)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$.0.....		(3,276)	1,092
39. Change in net unrealized foreign exchange capital gain (loss).....			
40. Change in net deferred income tax.....	(23,592)	(23,831)	(56,943)
41. Change in nonadmitted assets.....	23,592	124,939	4,152,004
42. Change in liability for reinsurance in unauthorized companies.....			
43. Change in reserve on account of change in valuation basis, (increase) or decrease.....			
44. Change in asset valuation reserve.....		(1,386)	1,755
45. Change in treasury stock.....			
46. Surplus (contributed to) withdrawn from Separate Accounts during period.....			
47. Other changes in surplus in Separate Accounts Statement.....			
48. Change in surplus notes.....			
49. Cumulative effect of changes in accounting principles.....			
50. Capital changes:			
50.1 Paid in.....			
50.2 Transferred from surplus (Stock Dividend).....			
50.3 Transferred to surplus.....			
51. Surplus adjustment:			
51.1 Paid in.....			(4,175,332)
51.2 Transferred to capital (Stock Dividend).....			
51.3 Transferred from capital.....			
51.4 Change in surplus as a result of reinsurance.....			
52. Dividends to stockholders.....			
53. Aggregate write-ins for gains and losses in surplus.....	0	0	0
54. Net change in capital and surplus (Lines 37 through 53).....	(171,159)	39,382	(277,325)
55. Capital and surplus as of statement date (Lines 36 + 54).....	9,119,517	9,607,383	9,290,676
DETAILS OF WRITE-INS			
08.301. Other Income.....		8	8
08.302. ....			
08.303. ....			
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	0	0	0
08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....	0	8	8
2701. Penalties.....			1,559
2702. ....			
2703. ....			
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	0	0	1,559
5301. ....			
5302. ....			
5303. ....			
5398. Summary of remaining write-ins for Line 53 from overflow page.....	0	0	0
5399. Totals (Lines 5301 thru 5303 plus 5398) (Line 53 above).....	0	0	0

HEALTHMARKETS INSURANCE COMPANY  
CASH FLOW

	1 Current Year to Date	2 Prior Year Ended December 31
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....		
2. Net investment income.....	150,773	394,738
3. Miscellaneous income.....		8
4. Total (Lines 1 through 3).....	150,773	394,746
5. Benefit and loss related payments.....		
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	381,851	757,734
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	(167,926)	(20,367)
10. Total (Lines 5 through 9).....	213,925	737,367
11. Net cash from operations (Line 4 minus Line 10).....	(63,152)	(342,621)
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	5,100,000	2,045,000
12.2 Stocks.....		
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	5,100,000	2,045,000
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	4,990,000	1,557,773
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		
13.7 Total investments acquired (Lines 13.1 to 13.6).....	4,990,000	1,557,773
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	110,000	487,227
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		(4,175,332)
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	2,575	4,120,785
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6).....	2,575	(54,547)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	49,423	90,059
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	2,339,876	2,249,817
19.2 End of period (Line 18 plus Line 19.1).....	2,389,299	2,339,876

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001 .....	.....	.....
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EXHIBIT 1

DIRECT PREMIUMS AND DEPOSIT-TYPE CONTRACTS

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
1. Industrial life.....			
2. Ordinary life insurance.....			
3. Ordinary individual annuities.....			
4. Credit life (group and individual).....			
5. Group life insurance.....			
6. Group annuities.....			
7. A&H - group.....			
8. A&H - credit (group and individual).....			
9. A&H - other.....			
10. Aggregate of all other lines of business.....	.0	.0	.0
11. Subtotal.....	.0	.0	.0
12. Deposit-type contracts.....			
13. Total.....	.0	.0	.0

NONE

DETAILS OF REVENUES			
1001. ....			
1002. ....			
1003. ....			
1098. Summary of remaining write-ins for Line 10 from overflow page.....	.0	.0	.0
1099. Total (Lines 1001 thru 1003 plus 1098) (Line 10 above).....	.0	.0	.0

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

This is a statement of the accounting principles and methods applied in preparing these statutory financial statements.

A. Accounting Practices

The Company presents these financial statements on the basis of accounting principles prescribed or permitted by the Oklahoma Insurance Department. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual, version effective March 1, 2009 (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Oklahoma.

Note 2 - Accounting Changes and Corrections of Errors

No significant change.

Note 3 - Business Combinations and Goodwill

No significant change.

Note 4 - Discontinued Operations

No significant change.

Note 5 - Investments

No significant change.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

No significant change.

Note 7 - Investment Income

No significant change.

Note 8 - Derivative Instruments

No significant change.

Note 9 - Income Taxes

The components of deferred tax assets and liabilities as of March 31, 2009 and December 31, 2008 are as follows:

	2009	2008	Change
A. Deferred Tax Assets (DTAs):			
Mark to market acquired investment	37,272	37,272	0
Goodwill	1,289,685	1,313,277	( 23,592)
Total gross DTAs	\$ 1,326,957	\$ 1,350,549	\$( 23,592)
Nonadmitted DTAs	1,195,318	1,218,910	( 23,592)
Admitted DTAs	\$ 131,639	\$ 131,639	\$ 0
Deferred tax liabilities (DTLs):			
Deferred tax liabilities (DTLs):	\$ 0	\$ 0	\$ 0
Net deferred tax asset	\$ 131,639	\$ 131,639	\$ 0
	2009	2008	
Change in net deferred tax asset from:			
Temporary items affecting surplus	\$ 0	\$ 56,889	
Temporary items affecting income	\$( 23,592)	\$( 113,832)	
Change in net deferred tax asset	\$( 23,592)	\$( 56,943)	
Net change in nonadmitted DTAs	\$( 23,592)	\$( 141,398)	
Net change in net deferred tax asset	\$ 0	\$ 84,455	

B. The company has no unrecognized deferred tax liabilities.

C. Components of total income tax for the period ended March 31, 2009 and the year ended December 31, 2008 are as follows:

	2009	2008
Current tax expense:		
Federal income tax on operations	\$( 128,457)	\$( 281,926)
Change in net deferred tax assets affecting income	23,592	113,832
Total income tax current and deferred	\$( 104,865)	\$( 168,094)

NOTES TO FINANCIAL STATEMENTS

D. A reconciliation between the standard federal income tax rate and the effective tax rate for the period ended March 31, 2009, follows:

	Amount	Tax effect	Tax rate
Anticipated tax at standard federal income tax rates:			
On net gain from operations	\$( 299,615)	\$( 104,865)	( 35.0)%
Tax on operations and effective tax rate	\$( 299,615)	\$( 104,865)	( 35.0)%
Tax on operations and effective tax rate		\$( 104,865)	( 35.0)%

A reconciliation between the standard federal income tax rate and the effective tax rate for the year ended December 31, 2008, follows:

	Amount	Tax effect	Tax rate
Anticipated tax at standard federal income tax rates:			
On net gain from operations	\$( 481,827)	\$( 168,640)	( 35.0)%
Tax on operations and effective tax rate	\$( 481,827)	\$( 168,640)	( 35.0)%
Penalties		546	0.1%
Tax on operations and effective tax rate		\$( 168,094)	( 34.9)%

E. The Company does not have any operating loss, capital loss, or tax credit carryovers available for tax purposes. The 2009 federal operating loss of \$367,021 will offset the 2009 taxable income of other members of the consolidating group. The Company has no accrual for tax uncertainties and no cash deposits with the Internal Revenue Service to suspend the running of interest on potential underpayments on tax uncertainties.

F. The Company is included in a consolidated federal income tax return with its parent and other members of the consolidating group as follows:

Common parent:	HealthMarkets, Inc.
Insurance group:	The MEGA Life and Health Insurance Company Fidelity First Insurance Company HealthMarkets Insurance Company Mid-West National Life Insurance Company of Tennessee The Chesapeake Life Insurance Company United Group Reinsurance, Inc.
Non-insurance group:	CFLD-I, Inc. New United Agency, Inc. Performance Driven Awards, Inc. Success Driven Awards, Inc. HealthMarkets Lead Marketing Group, Inc. United Management Services, Inc. UICI Funding Corp 2

A written tax sharing agreement has been approved by the Board of Directors. Allocation is based upon separate return calculations with tax benefits of losses paid at the time incurred and the tax benefit of credits and carryovers paid at the time they are utilized.

Note 10 - Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

No significant change.

Note 11 - Debt

No significant change.

Note 12 - Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

No significant change.

Note 13 - Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

No significant change.

Note 14 - Contingencies

No significant change.

Note 15 - Leases

No significant change.

Note 16 - Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

No significant change.



NOTES TO FINANCIAL STATEMENTS

**Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

C. The Company does not have any Wash Sales.

**Note 18 - Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

No significant change.

**Note 19 - Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

No significant change.

**Note 20 - Other Items**

No significant change.

**Note 21 - Events Subsequent**

No significant change.

**Note 22 - Reinsurance**

No significant change.

**Note 23 - Retrospectively Rated Contracts & Contracts Subject to Redetermination**

No significant change.

**Note 24 - Change in Incurred Losses and Loss Adjustment Expenses**

Not applicable

**Note 25 - Intercompany Pooling Arrangements**

No significant change.

**Note 26 - Structured Settlements**

No significant change.

**Note 27 - Health Care Receivables**

No significant change.

**Note 28 - Participating Policies**

No significant change.

**Note 29 - Premium Deficiency Reserves**

No significant change.

**Note 30 - Reserves for Life Contracts and Annuity Contracts**

No significant change.

**Note 31 - Analysis of Annuity Actuarial Reserves and Deposit Liabilities by Withdrawal Characteristics**

No significant change.

NOTES TO FINANCIAL STATEMENTS

**Note 32 - Premiums and Annuity Considerations Deferred and Uncollected**

No significant change.

**Note 33 - Separate Accounts**

No significant change.

**Note 34 - Loss/Claim Adjustment Expenses**

No significant change.

HEALTHMARKETS INSURANCE COMPANY  
GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes [ ☐ ]No [ ☒ X ]
- 1.2 If yes, has the report been filed with the domiciliary state?

Yes [ ☐ ]No [ ☐ ]
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [ ☐ ]No [ ☒ X ]
- 2.2 If yes, date of change:

.....
3. Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes [ ☐ ]No [ ☒ X ]

If yes, complete the Schedule Y-Part 1 - Organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [ ☐ ]No [ ☒ X ]
- 4.2 If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes [ ☐ ]No [ ☒ X ]N/A [ ☐ ]

If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2006.....

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2006.....

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

8/2/2007.....

6.4 By what department or departments?

Pennsylvania Department of Insurance
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes [ ☐ ]No [ ☐ ]N/A [ ☒ X ]

6.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes [ ☐ ]No [ ☐ ]N/A [ ☒ X ]

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [ ☐ ]No [ ☒ X ]

7.2 If yes, give full information:
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [ ☐ ]No [ ☒ X ]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [ ☐ ]No [ ☒ X ]

8.4 If the response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator].
- | 1              | 2                      | 3   | 4   | 5   | 6    | 7   |
|----------------|------------------------|-----|-----|-----|------|-----|
| Affiliate Name | Location (City, State) | FRB | OCC | OTS | FDIC | SEC |
|                |                        |     |     |     |      |     |
- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes [ ☒ X ]No [ ☐ ]

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain:

9.2 Has the code of ethics for senior managers been amended?

Yes [ ☐ ]No [ ☒ X ]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

9.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [ ☐ ]No [ ☒ X ]

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HEALTHMARKETS INSURANCE COMPANY  
GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ☐ ] No [ ☒ X ]

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: .....

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ ☐ ] No [ ☒ X ]

11.2 If yes, give full and complete information relating thereto:

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$.....0

13. Amount of real estate and mortgages held in short-term investments: \$.....0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [ ☐ ] No [ ☒ X ]

14.2 If yes, please complete the following:

	1	2
	Prior Year-End	Current Quarter
	Book/Adjusted Carrying Value	Book/Adjusted Carrying Value
14.21 Bonds.....	\$ .....0	\$ .....0
14.22 Preferred Stock.....	\$ .....0	\$ .....0
14.23 Common Stock.....	\$ .....0	\$ .....0
14.24 Short-Term Investments.....	\$ .....0	\$ .....0
14.25 Mortgage Loans on Real Estate.....	\$ .....0	\$ .....0
14.26 All Other.....	\$ .....0	\$ .....0
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$ .....0	\$ .....0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above.....	\$ .....0	\$ .....0

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [ ☐ ] No [ ☒ X ]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ☐ ] No [ ☐ ]  
If no, attach a description with this statement.

16. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III. Conducting Examinations, F-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [ ☒ X ] No [ ☐ ]

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian Address
Frost National Bank	P O Box 165098, Fort Worth, TX 76162

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation.

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes [ ☐ ] No [ ☒ X ]

16.4 If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason

16.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository	Name(s)	Address

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [ ☒ X ] No [ ☐ ]

17.2 If no, list exceptions:

**General Interrogatories-Part 2**  
**NONE**

**Sch. S**  
**NONE**

HEALTHMARKETS INSURANCE COMPANY  
SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

States, Etc.		1  Active Status	Direct Business Only					
			Life Contracts		4 Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	5 Other Considerations	6 Total Columns 2 through 5	7 Deposit-Type Contracts
			2 Life Insurance Premiums	3 Annuity Considerations				
1.	Alabama.....	AL.....L					.....0	.....
2.	Alaska.....	AK.....L					.....0	.....
3.	Arizona.....	AZ.....L					.....0	.....
4.	Arkansas.....	AR.....L					.....0	.....
5.	California.....	CA.....L					.....0	.....
6.	Colorado.....	CO.....L					.....0	.....
7.	Connecticut.....	CT.....L					.....0	.....
8.	Delaware.....	DE.....L					.....0	.....
9.	District of Columbia.....	DC.....L					.....0	.....
10.	Florida.....	FL.....L					.....0	.....
11.	Georgia.....	GA.....L					.....0	.....
12.	Hawaii.....	HI.....L					.....0	.....
13.	Idaho.....	ID.....L					.....0	.....
14.	Illinois.....	IL.....L					.....0	.....
15.	Indiana.....	IN.....L					.....0	.....
16.	Iowa.....	IA.....L					.....0	.....
17.	Kansas.....	KS.....L					.....0	.....
18.	Kentucky.....	KY.....L					.....0	.....
19.	Louisiana.....	LA.....L					.....0	.....
20.	Maine.....	ME.....L					.....0	.....
21.	Maryland.....	MD.....L					.....0	.....
22.	Massachusetts.....	MA.....L					.....0	.....
23.	Michigan.....	MI.....L					.....0	.....
24.	Minnesota.....	MN.....L					.....0	.....
25.	Mississippi.....	MS.....N					.....0	.....
26.	Missouri.....	MO.....L					.....0	.....
27.	Montana.....	MT.....L					.....0	.....
28.	Nebraska.....	NE.....L					.....0	.....
29.	Nevada.....	NV.....L					.....0	.....
30.	New Hampshire.....	NH.....N					.....0	.....
31.	New Jersey.....	NJ.....L					.....0	.....
32.	New Mexico.....	NM.....L					.....0	.....
33.	New York.....	NY.....N					.....0	.....
34.	North Carolina.....	NC.....L					.....0	.....
35.	North Dakota.....	ND.....L					.....0	.....
36.	Ohio.....	OH.....L					.....0	.....
37.	Oklahoma.....	OK.....L					.....0	.....
38.	Oregon.....	OR.....L					.....0	.....
39.	Pennsylvania.....	PA.....L					.....0	.....
40.	Rhode Island.....	RI.....L					.....0	.....
41.	South Carolina.....	SC.....L					.....0	.....
42.	South Dakota.....	SD.....L					.....0	.....
43.	Tennessee.....	TN.....L					.....0	.....
44.	Texas.....	TX.....L					.....0	.....
45.	Utah.....	UT.....L					.....0	.....
46.	Vermont.....	VT.....L					.....0	.....
47.	Virginia.....	VA.....L					.....0	.....
48.	Washington.....	WA.....L					.....0	.....
49.	West Virginia.....	WV.....L					.....0	.....
50.	Wisconsin.....	WI.....L					.....0	.....
51.	Wyoming.....	WY.....L					.....0	.....
52.	American Samoa.....	AS.....N					.....0	.....
53.	Guam.....	GU.....N					.....0	.....
54.	Puerto Rico.....	PR.....N					.....0	.....
55.	US Virgin Islands.....	VI.....N					.....0	.....
56.	Northern Mariana Islands.....	MP.....N					.....0	.....
57.	Canada.....	CN.....N					.....0	.....
58.	Aggregate Other Alien.....	OT.....XXX	.....0	.....0	.....0	.....0	.....0	.....0
59.	Subtotal.....	(a).....48	.....0	.....0	.....0	.....0	.....0	.....0
90.	Reporting entity contributions for employee benefit plans.....	XXX					.....0	.....
91.	Dividends or refunds applied to purchase paid-up additions and annuities.....	XXX					.....0	.....
92.	Dividends or refunds applied to shorten endowment or premium paying period.....	XXX					.....0	.....
93.	Premium or annuity considerations waived under disability or other contract provisions.....	XXX					.....0	.....
94.	Aggregate other amounts not allocable by State.....	XXX	.....0	.....0	.....0	.....0	.....0	.....0
95.	Totals (Direct Business).....	XXX	.....0	.....0	.....0	.....0	.....0	.....0
96.	Plus Reinsurance Assumed.....	XXX					.....0	.....
97.	Totals (All Business).....	XXX	.....0	.....0	.....0	.....0	.....0	.....0
98.	Less Reinsurance Ceded.....	XXX					.....0	.....
99.	Totals (All Business) less Reinsurance Ceded.....	XXX	.....0	.....0	.....0	.....0	.....0	.....0
DETAILS OF WRITE-INS								
5801.	.....	XXX					.....0	.....
5802.	.....	XXX					.....0	.....
5803.	.....	XXX					.....0	.....
5898.	Summary of remaining write-ins for line 58 from overflow page.....	XXX	.....0	.....0	.....0	.....0	.....0	.....0
5899.	Total (Lines 5801 thru 5803 plus 5898) (Line 58 above).....	XXX	.....0	.....0	.....0	.....0	.....0	.....0
9401.	.....	XXX					.....0	.....
9402.	.....	XXX					.....0	.....
9403.	.....	XXX					.....0	.....
9498.	Summary of remaining write-ins for line 94 from overflow page.....	XXX	.....0	.....0	.....0	.....0	.....0	.....0
9499.	Total (Lines 9401 thru 9403 plus 9498) (Line 94 above).....	XXX	.....0	.....0	.....0	.....0	.....0	.....0

(a) Insert the number of L responses except for Canada and Other Alien.

**SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**

PART 1 – ORGANIZATIONAL CHART

---

NONE

HEALTHMARKETS INSURANCE COMPANY

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	Response
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	NO
2. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO
3. Will the Reasonableness of Assumptions Certification required by Actuarial Guideline XXXV be filed with the state of domicile and electronically with the NAIC?	NO
4. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXV be filed with the state of domicile and electronically with the NAIC?	NO
5. Will the Reasonableness of Assumptions Certification for Implied Guaranteed Rate Method required by Actuarial Guideline XXXVI be filed with the state of domicile and electronically with the NAIC?	NO
6. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Average Market Value) be filed with the state of domicile and electronically with the NAIC?	NO
7. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Market Value) be filed with the state of domicile and electronically with the NAIC?	NO

Explanations:

1.
2.
3.
4.
5.
6.
7.


Bar Code:


  
\* 9 2 9 0 8 2 0 0 9 4 9 0 0 0 0 0 1 \*

  
\* 9 2 9 0 8 2 0 0 9 3 6 5 0 0 0 0 1 \*

  
\* 9 2 9 0 8 2 0 0 9 4 4 5 0 0 0 0 1 \*

  
\* 9 2 9 0 8 2 0 0 9 4 4 6 0 0 0 0 1 \*

  
\* 9 2 9 0 8 2 0 0 9 4 4 7 0 0 0 0 1 \*

  
\* 9 2 9 0 8 2 0 0 9 4 4 8 0 0 0 0 1 \*

  
\* 9 2 9 0 8 2 0 0 9 4 4 9 0 0 0 0 1 \*



**HEALTHMARKETS INSURANCE COMPANY**  
**Overflow Page for Write-Ins**

**NONE**

HEALTHMARKETS INSURANCE COMPANY  
SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Current year change in encumbrances.....		
4. Total gain (loss) on disposals.....		
5. Deduct amounts received on disposals.....		
6. Total foreign exchange change in book/adjusted carrying value.....		
7. Deduct current year's other than temporary impairment recognized.....		
8. Deduct current year's depreciation.....		
9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8).....	0	0
10. Deduct total nonadmitted amounts.....		
11. Statement value at end of current period (Line 9 minus Line 10).....	0	0

SCHEDULE B - VERIFICATION

Mortgage Loans

	1	2
	Year to Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year.....	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Capitalized deferred interest and other.....		
4. Accrual of discount.....		
5. Unrealized valuation increase (decrease).....		
6. Total gain (loss) on disposals.....		
7. Deduct amounts received on disposals.....		
8. Deduct amortization of premium and mortgage interest points and commitment fees.....		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest.....		
10. Deduct current year's other than temporary impairment recognized.....		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	0	0
12. Total valuation allowance.....		
13. Subtotal (Line 11 plus Line 12).....	0	0
14. Deduct total nonadmitted amounts.....		
15. Statement value at end of current period (Line 13 minus Line 14).....	0	0

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Capitalized deferred interest and other.....		
4. Accrual of discount.....		
5. Unrealized valuation increase (decrease).....		
6. Total gain (loss) on disposals.....		
7. Deduct amounts received on disposals.....		
8. Deduct amortization of premium and depreciation.....		
9. Total foreign exchange change in book/adjusted carrying value.....		
10. Deduct current year's other than temporary impairment recognized.....		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	0	0
12. Deduct total nonadmitted amounts.....		
13. Statement value at end of current period (Line 11 minus Line 12).....	0	0

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year.....	6,637,998	7,125,336
2. Cost of bonds and stocks acquired.....	4,990,000	1,557,773
3. Accrual of discount.....	2,978	20,226
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....		
6. Deduct consideration for bonds and stocks disposed of.....	5,100,000	2,045,000
7. Deduct amortization of premium.....	9,008	20,337
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	6,521,968	6,637,998
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	6,521,968	6,637,998

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a).....	8,938,441	6,596,573	6,865,633	(6,030)	8,663,350			8,938,441
2. Class 2 (a).....								
3. Class 3 (a).....								
4. Class 4 (a).....								
5. Class 5 (a).....								
6. Class 6 (a).....								
7. Total Bonds.....	8,938,441	6,596,573	6,865,633	(6,030)	8,663,350	0	0	8,938,441
PREFERRED STOCK								
8. Class 1.....								
9. Class 2.....								
10. Class 3.....								
11. Class 4.....								
12. Class 5.....								
13. Class 6.....								
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock.....	8,938,441	6,596,573	6,865,633	(6,030)	8,663,350	0	0	8,938,441

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:  
NAIC 1 \$.....0; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0.

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HEALTHMARKETS INSURANCE COMPANY  
SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. Totals.....	.....2,141,382	.....XXX.....	.....2,141,382	.....707	.....

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	.....2,300,443	.....2,249,817
2. Cost of short-term investments acquired.....	.....1,606,573	.....2,532,293
3. Accrual of discount.....	.....	.....
4. Unrealized valuation increase (decrease).....	.....	.....
5. Total gain (loss) on disposals.....	.....	.....
6. Deduct consideration received on disposals.....	.....1,765,634	.....2,481,667
7. Deduct amortization of premium.....	.....	.....
8. Total foreign exchange change in book/adjusted carrying value.....	.....	.....
9. Deduct current year's other than temporary impairment recognized.....	.....	.....
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	.....2,141,382	.....2,300,443
11. Deduct total nonadmitted amounts.....	.....	.....
12. Statement value at end of current period (Line 10 minus Line 11).....	.....2,141,382	.....2,300,443

Sch. DB-Part F-Section 1  
NONE

Sch. DB-Part F-Section 2  
NONE

Sch. E-Verification  
NONE

Sch. A-Part 2  
NONE

Sch. A-Part 3  
NONE

Sch. B-Part 2  
NONE

Sch. B-Part 3  
NONE

Sch. BA-Part 2  
NONE

Sch. BA-Part 3  
NONE

SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
<b>Bonds - U.S. Government</b>									
31331G NQ 8	FEDERAL FARM CREDIT BANK.....	.....	.....03/18/2009.....	VARIOUS.....	.....	.....4,990,000	.....5,000,000	.....5,063	1.....
03999999.	Total - Bonds - U.S. Government.....					.....4,990,000	.....5,000,000	.....5,063	.....XXX.....
83999997.	Total - Bonds - Part 3.....					.....4,990,000	.....5,000,000	.....5,063	.....XXX.....
83999999.	Total - Bonds.....					.....4,990,000	.....5,000,000	.....5,063	.....XXX.....
99999999.	Total - Bonds, Preferred and Common Stocks.....					.....4,990,000	.....XXX.....	.....5,063	.....XXX.....

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....0.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3 F o r e i g n	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description		Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Desig- nation or Market Indicator (a)
Bonds - U.S. Government																					
912828 EV 8	US TREASURY NOTE.....	...	.02/15/2009	MATURITY.....	.....	.....5,100,000	.....5,100,000	.....5,060,156	.....5,097,203	.....	.....2,797	.....	.....2,797	.....	.....5,100,000	.....	.....	.....0	....114,750	02/15/2009	1.....
0399999.	Total - Bonds - U.S. Government.....					.....5,100,000	.....5,100,000	.....5,060,156	.....5,097,203	.....0	.....2,797	.....0	.....2,797	.....0	.....5,100,000	.....0	.....0	.....0	....114,750	....XXX.....	..XXX...
8399997.	Total - Bonds - Part 4.....					.....5,100,000	.....5,100,000	.....5,060,156	.....5,097,203	.....0	.....2,797	.....0	.....2,797	.....0	.....5,100,000	.....0	.....0	.....0	....114,750	....XXX.....	..XXX...
8399999.	Total - Bonds.....					.....5,100,000	.....5,100,000	.....5,060,156	.....5,097,203	.....0	.....2,797	.....0	.....2,797	.....0	.....5,100,000	.....0	.....0	.....0	....114,750	....XXX.....	..XXX...
9999999.	Total - Bonds, Preferred and Common Stocks.....					.....5,100,000	.....XXX.....	.....5,060,156	.....5,097,203	.....0	.....2,797	.....0	.....2,797	.....0	.....5,100,000	.....0	.....0	.....0	....114,750	....XXX.....	..XXX...

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....0.

Sch. DB-Part A-Section 1  
NONE

Sch. DB-Part B-Section 1  
NONE

Sch. DB-Part C-Section 1  
NONE

Sch. DB-Part D-Section 1  
NONE



HEALTHMARKETS INSURANCE COMPANY

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1  Depository	2  Code	3  Rate of Interest	4  Amount of Interest Received During Current Quarter	5  Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9  *
					6  First Month	7  Second Month	8  Third Month	
<b>Open Depositories</b>								
JP Morgan Chase Bank ..... Dallas, TX .....					.....43,814	.....5,013,734	.....247,917	XXX
0199999. Total Open Depositories.....	...XXX...	...XXX...	.....0	.....0	.....43,814	.....5,013,734	.....247,917	XXX
0399999. Total Cash on Deposit.....	...XXX...	...XXX...	.....0	.....0	.....43,814	.....5,013,734	.....247,917	XXX
0599999. Total Cash.....	...XXX...	...XXX...	.....0	.....0	.....43,814	.....5,013,734	.....247,917	XXX

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1	2	3	4	5	6	7	8
Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Amount Received During Year

NONE